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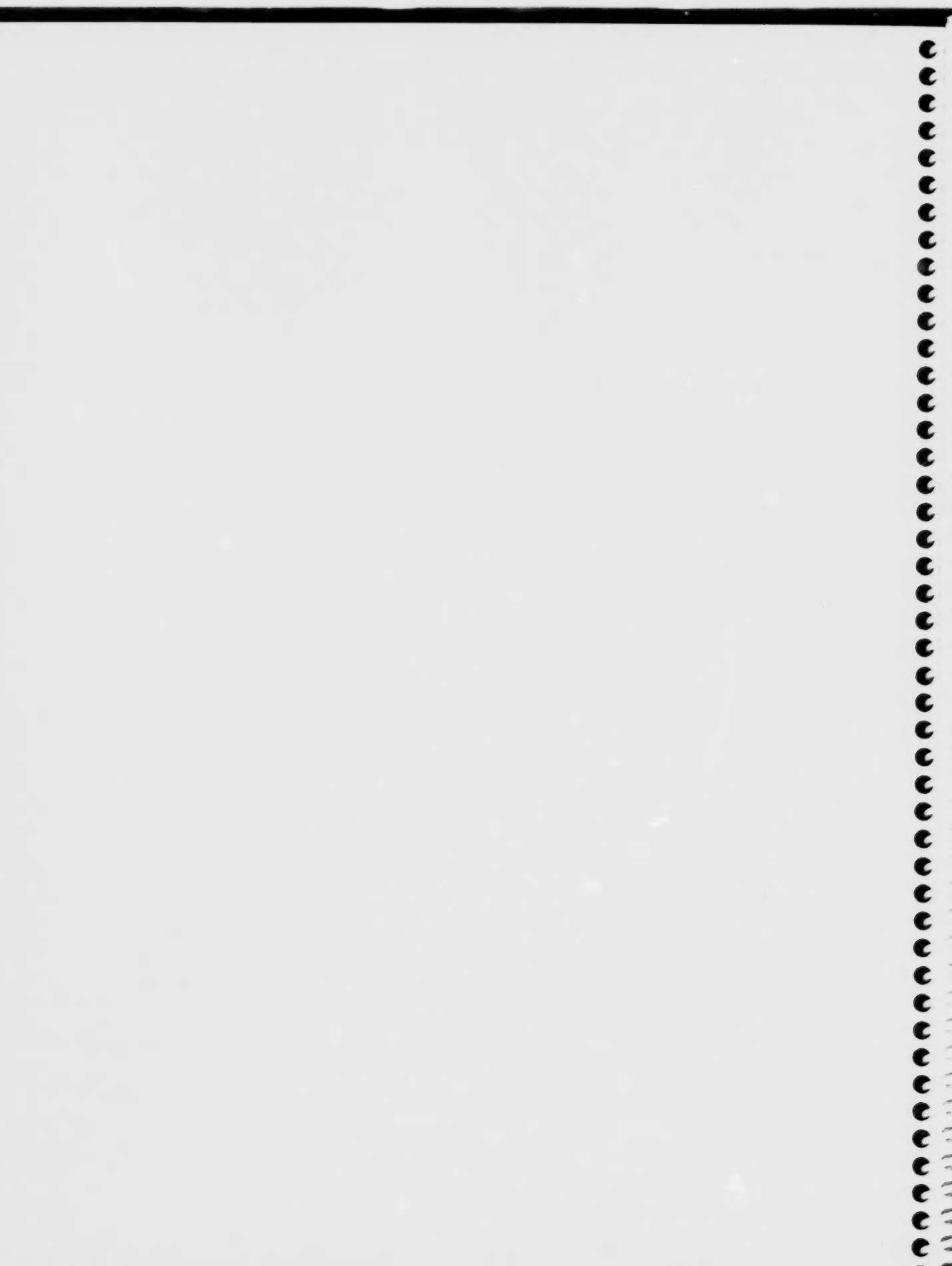
**Crown Investments Corporation
of Saskatchewan**

**2003 Basic Utility Bundle Survey
Validation Review Report**

Prepared by:
**Meyers Norris Penny LLP
Regina, Saskatchewan**

April 23, 2004

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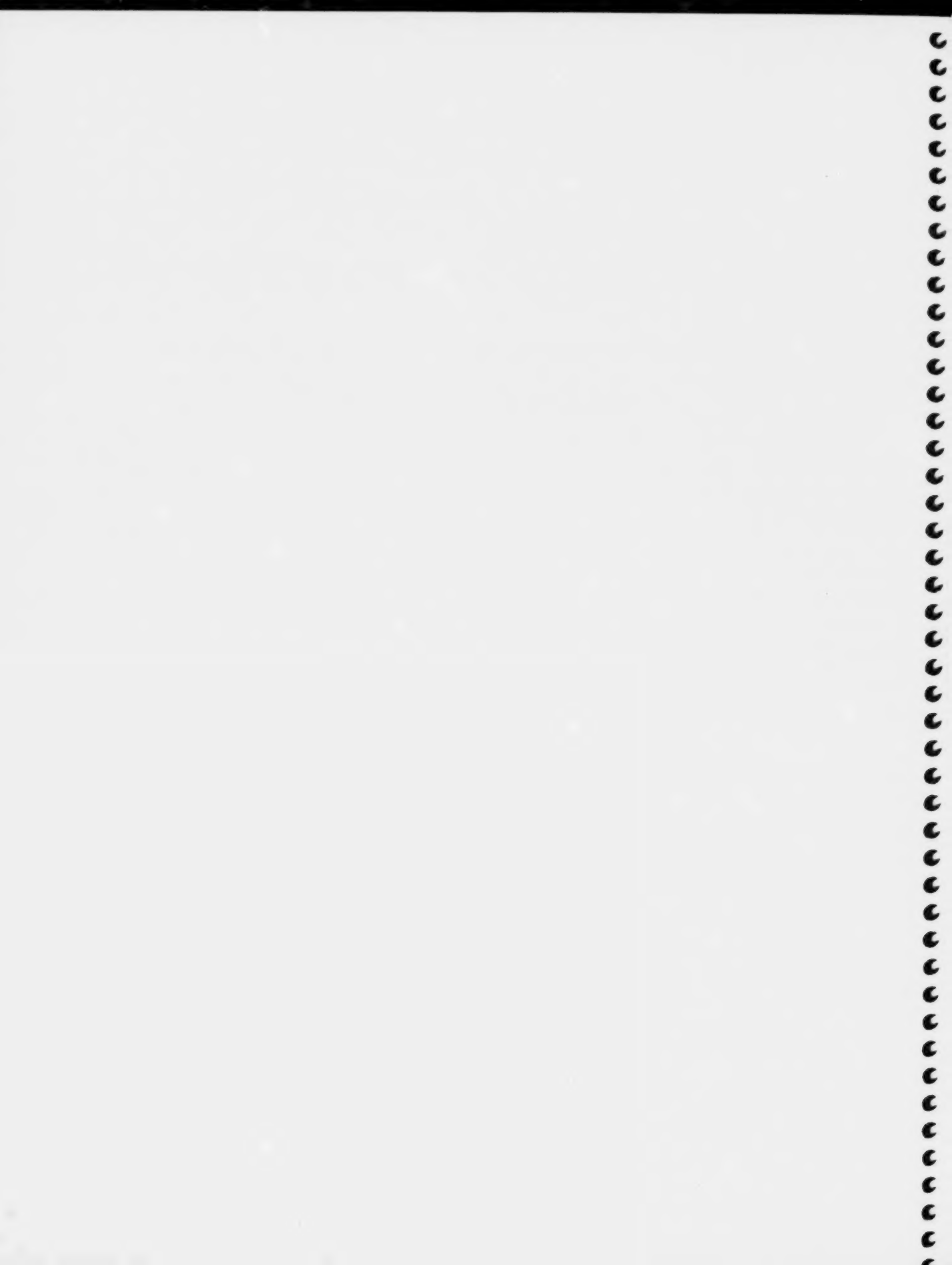
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Executive Summary

Introduction

Meyers Norris Penny LLP ("MNP") was engaged by Crown Investments Corporation of Saskatchewan ("CIC") to review the methodology, assumptions, calculations and costs of a Basic Utility Cost Bundle (the "Bundle") for 2003 consisting of automobile insurance (using February/March 2004 rates), basic telephone, natural gas and electricity. The Bundle was designed to identify a basic package of utilities that were available in Saskatchewan and all other provinces in Canada, and to survey the cost of a comparable basic package of these utilities in other jurisdictions across Canada. The Bundle was prepared and survey conducted by Saskatchewan Government Insurance ("SGI"), SaskTel, SaskEnergy and SaskPower (the "Utility Crowns") and CIC. The results of the Bundle survey, as prepared by the Utility Crowns and CIC, are presented as Appendix 1, and the methodology and assumptions are presented as Appendix 2.

Review Objectives

The objectives of this review were to:

- Assess the reasonableness and reliability of the composition of the Bundle as a representation of the basic package of utility services for a Saskatchewan resident;
- Assess the reasonableness and reliability of the methodology and assumptions used to calculate the annual cost of the Bundle in Saskatchewan and in other jurisdictions; and
- Confirm the relative position of the total 2003 costs of the Bundle for the residential customer in Regina, Humboldt and Meadow Lake, Saskatchewan in comparison to other selected communities in other jurisdictions across Canada.

Scope of Review

The scope of this review was restricted to reviewing the Bundle for 2003 (SGI used February/March 2004 rates because historical 2003 rates were not available from CompuQuote – see Methodology section) as prepared by the Utility Crowns and CIC. We reviewed the methodology, assumptions, costs and other relevant information from the perspectives of accuracy, completeness, consistency, and reasonableness. However, we did not perform an audit of the Bundle and consequently do not express an audit opinion herein.

The scope of the project included evaluation of the following:

- The reasonableness of the service definitions and methodology used to represent the Bundle used by Saskatchewan residents, as set out in Appendix 2;
- The appropriateness of the data sources used by SGI, SaskTel, SaskEnergy and SaskPower and to obtain Bundle cost information for different jurisdictions in Canada as set out in Appendix 3. (appropriateness to be assessed in the context of the data sources being knowledgeable and capable of providing specific utility cost information);
- The reasonableness of the assumptions used by Saskatchewan's Utility Crowns to aid in determining the average costs to residential customers for the Bundle in Saskatchewan and across Canada;
- The completeness of the data included in the overall calculation of the Bundle for the residential customer; and
- The accuracy and validity of the annual cost amounts presented in the 2003 Bundle as set out in Appendix 1.

Assumptions

MNP accepted as given, per the Terms of Reference, the following:

- The concept of selecting representative community locations for reporting average utility costs in urban, northern and rural communities;
- The suitability of the formulas provided by SaskPower, SGI, SaskEnergy and SaskTel used to calculate average annual utility costs for the Saskatchewan residential customer;
- The fact that SaskPower, SaskEnergy, SGI and SaskTel are not privy to all information that could influence utility cost calculations in other jurisdictions, such as utility price hedging strategies, the value of commodities in storage, and other unknown factors not readily available to the public; and
- The fact that the costs reported were calculated using reported utility and related charges on the dates reported in the methodology. It must be understood that these charges would have been different had alternative data collection dates been selected.

Methodology

The Utility Crowns and CIC selected 22 locations across Canada consisting of major centres, rural communities and northern communities, in order to compare the Bundle in each selected location across Canada.

The Bundle, is defined to include the cost of the utility service to the residential customer including commodity, transmission and distribution costs as appropriate, debt repayment, rate recovery, rebates (e.g. – natural gas and electricity rebates), refunds, rate discounts and surcharges (e.g. - good driver discounts), capital costs and other factors.

Each Utility Crown has a specific definition for their component of the Bundle, as follows:

- SGI defined the Bundle's automobile insurance component to include 34 driver profiles derived from the 2003 Consumer's Association of Canada survey and to include the 34 most popular vehicles registered in Saskatchewan;
 - The rates used in the SGI survey were as at February 2004 because historical 2003 information was not available from website resources (CompuQuote) at the time when the survey was performed. Current 2004 information was used to ensure accuracy and comparability of automobile insurance information.
 - The rates used, depending on driver profile, may include driver discounts/surcharges inherent in the rate. These rates were applied universally in each location.
 - SGI evaluated Saskatchewan and Manitoba costs using a \$200 collision deductible and a \$200 comprehensive deductible. Other service providers were costed using a \$500 collision and \$250 comprehensive deductible, as this coverage approximated SGI's coverage. We note that SGI's deductibles are lower than the other insurance providers (except Manitoba) and, as a result, SGI's coverage is higher to the vehicle driver.
 - Although SGI did not have 2003 data available, an independent study conducted by the Consumer's Association of Canada called "Review of Automobile Insurance Rates" in September 2003 reported that Saskatchewan had the second lowest automobile insurance rates in Canada (see www.CACBC.com).
- SaskTel defined the Bundle's component of basic residential telephone services to include those services listed in the methodology and costed this component among the

selected locations using tariff rates approved by the CRTC and published on telecommunication provider websites;

- SaskEnergy defined the Bundle's component of natural gas service to include an annual benchmark consumption of 3,550 cubic meters (m^3) of natural gas and costed this component using rates published by service providers on their websites or from direct communication with the service provider and using consumption patterns based on a standard model. The cost component of natural gas service included rebates and discounts/surcharges provided by suppliers and/or imposed in each jurisdiction; and
- SaskPower defined the Bundle's component of electricity service to include an annual benchmark consumption of 8,100 kilowatt hours of electricity and costed this component using rates published by service providers on their websites or from direct communication with the service provider and using consumption patterns based on a monthly average. The cost component of electricity service included rebates and discounts/surcharges provided by suppliers and/or imposed in each jurisdiction.

The aggregate of these four components in all jurisdictions comprises the Bundle for purposes of this review.

Review Procedures

Our validation review for all jurisdictions included the following procedures:

- Obtaining an understanding of the assumptions and methodology used by each Utility Crown for its component of the Bundle;
- Testing the data generated by the Utility Crowns to the extent necessary to obtain comfort in the data's accuracy;
- Reviewing the consistency of the application of the assumptions and methodology within the Bundle;
- Reviewing the completeness of the data within the Bundle; and
- Reviewing the reasonableness of the assumptions, methodology and results produced by the Utility Crowns and CIC to represent the Bundle.
- Our detailed review procedures are in Appendix 5.

Bundle costs plus municipal surcharges, provincial and federal taxes

The Bundle, as defined earlier, refers to utility costs prior to the inclusion of municipal surcharges, provincial or federal taxes. For comparative purposes, the scope of our review

also included a review of supplemental information to add municipal surcharges, provincial and federal taxes to the Bundle, and these are attached as Appendix 7. The Bundle excludes municipal charges and other taxes because these additional costs are not applied consistently across all jurisdictions.

Appendix 7 shows the 2003 Bundle (2004 automobile insurance costs) including all municipal surcharges (except 9-1-1 charges), provincial and federal taxes for the residential customers in Regina, Humboldt and Meadow Lake, Saskatchewan and other selected communities across Canada. Based on our review, this schedule appears reasonable, consistent and accurate.

Findings

As a result of our review, we determined that:

1. The composition of the Bundle is reasonable and reliable;
2. The methodology and assumptions used to calculate the annual value of the Bundle in Saskatchewan and in other jurisdictions are reasonable and reliable; and
3. The relative positions of the 2003 Bundle (2004 automobile insurance costs) for the residential customers in Regina, Humboldt and Meadow Lake, Saskatchewan in comparison to other selected communities in other jurisdictions across Canada appear accurate.

Recommendations

While conducting our review, we identified the following recommendations that should be adopted in future Bundle surveys – we recommend that:

1. Future surveys should be designed to include the relevant data for the period under survey and, specifically, that SGI and comparator insurance provider rates are surveyed for identical periods.
2. The benchmarks, as defined by the Utility Crowns, be kept consistent and realistic in order to ensure comparability and reasonableness. We note that trends do change and certain benchmarks may need to be changed in future periods in order to best represent the trends.
3. SGI conduct its base rate survey monthly, and calculate an average annually from this monthly data, in order to provide an accurate insurance cost for coverage in effect throughout the year.

4. SGI select insurance deductibles that most closely match their benchmark. In this study, SGI selected comparator deductibles that were not as close as possible, resulting in certain comparator costs being understated in relation to SGI's costs.
5. The 9-1-1 costs for the telecommunications component of the Bundle continue to be excluded from the Bundle due to the inconsistent rate allocation of this service among all jurisdictions.

Our report follows and provides a more detailed analysis of the purpose and scope of our validation review process and our findings and conclusions.

Respectfully submitted,
Meyers Norris Penny LLP

Meyers Norris Penny LLP

Chartered Accountants

April 23, 2004
Regina, Saskatchewan

2003 Basic Utility Cost Bundle Survey Validation Review Report

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Purpose of Report

Crown Investments Corporation of Saskatchewan ("CIC") has conducted a survey of a Basic Utility Costs Bundle (the "Bundle") for automobile insurance, telephone, natural gas and electricity and prepared schedules and charts (see Appendix 1). This survey compares the 2003 Bundle (SGI used February/March 2004 rates because historical 2003 rates were not available from CompuQuote – see Methodology section) in 22 locations across Canada. Meyers Norris Penny LLP ("MNP") was engaged by CIC to review and assess the survey results for accuracy, completeness, consistency and reasonableness. The purpose of this report is to provide the results of our review of the 2003 Bundle prepared by SGI, SaskTel, SaskEnergy, SaskPower and CIC.

Review Objectives

The objectives of this review were to:

- To review the reasonableness and reliability of the composition of the Bundle as a representation of the basic package of utility services for a Saskatchewan resident;
- To review the reasonableness and reliability of the methodology and assumptions used to calculate the annual value of the Bundle in Saskatchewan and in other jurisdictions; and
- To confirm the relative position of the total 2003 costs of the Bundle (2004 costs for auto insurance) for the residential customer in Regina, Humboldt and Meadow Lake, Saskatchewan in comparison to other selected communities across Canada.

Scope of Review

Our scope was restricted to reviewing the composition of the Bundle, the methodology, and the costs incurred during 2003 (2004 costs for auto insurance) in selected locations within Canada as calculated by SGI, SaskTel, SaskEnergy, SaskPower and CIC and set out in Appendix 1.1. The Bundle related to electricity, natural gas, telephone and automobile insurance services. The contents of the Bundle and the assumptions and methodologies relating to the Bundle were determined by the Utility Crowns in consultation with CIC. We reviewed the information prepared by CIC (Appendix 1) from the following four perspectives (as defined in Appendix 8):

1. accuracy;
2. consistency;
3. completeness; and
4. reasonableness.

We did not perform an audit and consequently do not express an audit opinion on the Bundle. An audit is usually based on external criteria such as generally accepted accounting standards and generally accepted auditing standards. However, an audit was not required in this instance as there were no external criteria: the criteria were developed by CIC and are included in the Terms of Reference in Appendix 6. A review was performed in accordance with the criteria included in the Terms of Reference.

The scope of the project included a review of the following:

- The reasonableness and reliability of the service definitions and methodology used to represent the basic package of utilities provided to Saskatchewan residents, more specifically set out in Appendix 2;
- The appropriateness of the data sources used by the Utility Crowns to obtain residential utility cost information for different jurisdictions in Canada (appropriateness assessed in the context of the data sources being knowledgeable and capable of providing specific utility cost information);
- The reasonableness and reliability of the assumptions used by Saskatchewan's Utility Crowns to aid in determining the average costs to residential customers for the Bundle in Saskatchewan and across Canada;
- The completeness of the data included in the overall calculation of the Bundle; and
- The accuracy and validity of the annual cost amounts presented in the 2003 Bundle rankings set out in Appendix 1.

General Assumptions and Methodology

Locations

The 22 locations used in the survey were selected by the Utility Crowns and CIC to represent major centres, rural communities and northern communities in order to obtain a geographic representation within a province.

The major centres selected are those typically used for province to province comparisons. The rural and northern communities selected are generally comparable to the Saskatchewan communities selected in those categories in terms of size and location.

No attempt has been made to normalize data collected from the various geographies, though it is acknowledged that many factors may make direct comparisons of data from one market to the next difficult.

The criteria placed on the selection of communities were that they should have, if possible, all of the utility services. The exception to this was that not all locations had natural gas service. Where a selected location did not have natural gas service, a determination of the heating equivalent of the alternative fuels or services was used. Communities without natural gas service throughout 2003 and listed in the analysis for comparability include The Pas, Saint John, Halifax, Charlottetown and St. John's. These communities were accepted as reasonable comparators in the survey because of their similar populations and/or locations within Canada.

MNP noted that the Utility Crowns and CIC expressed that the concepts of rural and northern communities did not have significance in the Atlantic provinces due to the relatively smaller geography and population dispersion. Consequently, the Utility Crowns and CIC believed that additional comparator locations were not required.

The following communities were selected:

Major centres:	Rural communities:	Northern communities:
○ Vancouver, BC ○ Calgary, AB ○ Regina, SK ○ Winnipeg, MB ○ Toronto, ON ○ Montreal, PQ ○ Saint John, NB ○ Halifax, NS ○ Charlottetown, PE ○ St. John's, NF	○ Penticton, BC ○ Drumheller, AB ○ Humboldt, SK ○ Portage la Prairie, MB ○ Parry Sound, ON ○ Aylmer, PQ	○ Fort St. John, BC ○ Grand Prairie, AB ○ Meadow Lake, SK ○ The Pas, MB ○ Kapuskasing, ON ○ Chicoutimi, PQ

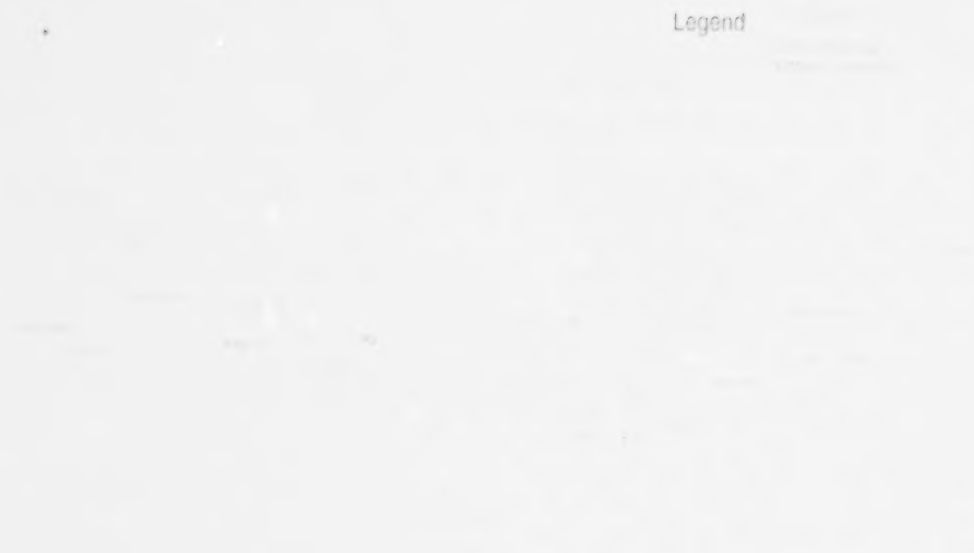
Map: Locations for Bundle Survey, Prepared by CIC



MNP accepted as given in the Terms of Reference, certain matters with regard to:

- The concept of selecting representative community locations for reporting average utility costs in urban, northern and rural communities;
- The suitability of the formulas provided by SaskPower, SGI, SaskEnergy and SaskTel used to calculate average annual utility costs for the Saskatchewan residential customer;
- The fact that SaskPower, SaskEnergy, SGI and SaskTel are not privy to all information that could influence utility cost calculations in other jurisdictions, such as utility price hedging strategies, the value of commodities in storage, and other unknown factors not readily available to the public;
- The fact that the costs reported were calculated using reported utility and related charges on the dates reported in the methodology. It must be understood that these charges would have been different had alternative data collection dates been selected.
- The Terms of Reference are set out in Appendix 6.

Map: Locations for Bundle Survey, Prepared by CIC



MNP accepted as given in the Terms of Reference, certain matters with regard to:

- The concept of selecting representative community locations for reporting average utility costs in urban, northern and rural communities;
- The suitability of the formulas provided by SaskPower, SGI, SaskEnergy and SaskTel used to calculate average annual utility costs for the Saskatchewan residential customer;
- The fact that SaskPower, SaskEnergy, SGI and SaskTel are not privy to all information that could influence utility cost calculations in other jurisdictions, such as utility price hedging strategies, the value of commodities in storage, and other unknown factors not readily available to the public;
- The fact that the costs reported were calculated using reported utility and related charges on the dates reported in the methodology. It must be understood that these charges would have been different had alternative data collection dates been selected.
- The Terms of Reference are set out in Appendix 6.

Bundle Costs

The Bundle includes services for automobile insurance, telecommunications, natural gas and electricity.

The Bundle, is defined to include the cost of the utility service to the residential customer including commodity, transmission and distribution costs as appropriate, debt repayment, rate recovery, rebates (e.g. – natural gas and electricity rebates), refunds, rate discounts and surcharges (e.g. - good driver discounts), capital costs and other factors.

Utility Service Providers

The utility providers, both public and private, surveyed by the Utility Crowns are listed in Appendix 4.

Specific Assumptions and Methodology

The assumptions and methodology used by each Crown Corporation in comparing the Bundle across Canada are critical, and are more complex than might be obvious at first. The following section sets out the key assumptions and methodology used by each Crown.

1. SGI

The level of automobile insurance coverage selected and used in the survey as a benchmark for comparison purposes in the Bundle was:

- Basic coverage of \$700 deductible for physical damage and \$200,000 Third Party Liability ("TPL");
- Additional coverage to improve the amounts to \$200 collision deductible, \$200 comprehensive deductible and \$2 million TPL; and
- The above benchmark was applied only to the Saskatchewan and Manitoba locations; all other locations were costed using \$500 collision deductible, \$250 comprehensive deductible and \$2 million TPL, resulting in the use of less coverage and lower costs which understated the comparator's costs in relation to Saskatchewan.

SGI selected a composite of 34 driver's profiles, as derived from the September 2003 Consumers' Association of Canada survey, in order to provide comparability and consistency in determining costs. SGI substituted the vehicles in the profiles from the Consumers' Association of Canada survey with the 34 most popular light vehicles registered in Saskatchewan, using the most popular model year, in order to provide consistent and comparable data. The survey determined the cost a driver, based on the profile (age, driving record, etc.), would pay for automobile insurance if they had the same vehicle in 22 different Canadian locations. (See Appendix 2 for Rating Profiles used in the calculation.)

The rates used in the SGI survey were as at February 2004 because, as was mentioned earlier in this report, historical 2003 information was not available from CompuQuote website resources at the time the survey was performed.

Discounts for good drivers are inherent in the rate, as appropriate.

Quebec's rates were obtained from a combination of the public and private insurance rates. For the private company quotations, SGI used the CompuQuote Database, which is an independent rate quotation service that obtains information directly from private automobile insurers across Canada. From CompuQuote rates, the six largest companies (five in Quebec) were selected, and the third lowest rate was taken in order to approximate the median rate. The six largest companies were determined based on the June 2003 edition of "Canadian Underwriter – Canada's Leading Insurance Journal" p. 48 – 50. Appendix 4 lists the service providers in the survey.

Appendix 1 shows the automobile insurance cost component of the Bundle for Saskatchewan and the other locations in Canada, as prepared by the Utility Crowns and CIC.

2. SaskTel

The telecommunications industry has many options available to its customers. In order to facilitate cost comparison among locations and providers, the following common services comprise the telecommunication's benchmark component of the Bundle:

- Basic residential, "Touchtone", local access service;
- Unlimited local calling;
- Access 24 hour operator services;
- Access to Long Distance services;
- Access to Dial-up Internet service;
- Access to optional Enhanced Calling Features, pay-per-use, and messaging services;
- The ability to dial 411 for Directory Assistance to obtain telephone numbers for persons and businesses (directory assistance charges apply);
- A listing in the white pages of the telephone book;
- A copy of the telephone book for their service district;
- Basic call blocking and toll restriction;
- Buried cable information;
- Dial 611 for telephone line maintenance; and
- Message relay service.

The telecommunications component originally included 9-1-1 charges. The Bundle survey ultimately excluded 9-1-1 charges because the charges were not comparable across Canada. Not all jurisdictions offer the service, and of the 9-1-1 rates charged across Canada, the rate portions for both 9-1-1 service and for municipal charges varied from location to location.

Appendix 4 lists the service providers in the survey.

Appendix 1 shows the residential telephone cost component of the Bundle for Saskatchewan and the other locations in Canada, as prepared by the Utility Crowns and CIC.

3. SaskEnergy

SaskEnergy established a benchmark of 3,550 m³ to represent the average annual residential natural gas consumption for comparison purposes in the Bundle. The 3,550 m³ benchmark approximated the 2003 residential consumption level of 3,420 m³ disclosed in the SaskEnergy 2003 Annual Report.

SaskEnergy obtained 2003 market residential natural gas rates for each jurisdiction using information published on utility provider websites or by contacting utility providers directly and obtaining rate information. The cost of 3,550 m³ of natural gas, or its equivalent, was then calculated for each location, using a standard consumption model.

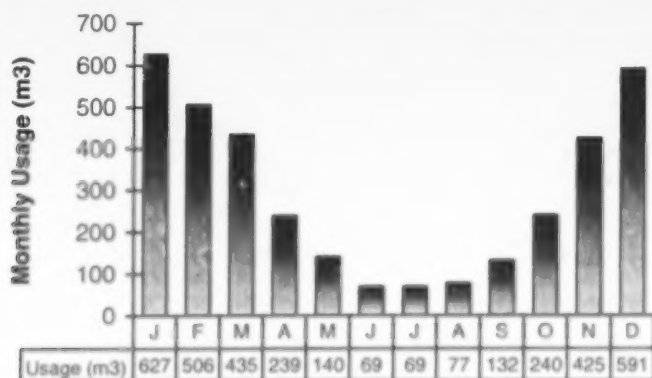
Locations without natural gas service throughout 2003, including The Pas, Saint John, Halifax, Charlottetown and St. John's, received heat via fuel oil and/or electricity. The fuel oil and electricity sources were converted to natural gas equivalents using the assumption that 3,550 m³ of natural gas is equal to 3,380 litres of fuel oil or equal to 24,520 KWH of electricity, as per Appendix 2. These quantities were costed using information provided from Manitoba Hydro, Centra Gas, or the MJ Ervin website stating historical energy costs.

It is standard industry practice to use a mechanism such as SaskEnergy's Gas Cost Variance Account ("GCVA") in order to smooth market rate fluctuations and accumulate differences between market rates paid by utility providers and rates charged to customers. Any balance, either positive or negative, in the GCVA, may impact future rates charged to customers.

Appendix 4 lists the service providers in the survey.

Appendix 1 shows the residential natural gas cost component of the Bundle for Saskatchewan and the other locations in Canada, as prepared by the Utility Crowns and CIC.

The chart below presents the monthly natural gas usage benchmark used in Saskatchewan.



Monthly Natural Gas Usage Chart – Prepared by SaskEnergy

We note that consumption is higher in the winter months, which corresponds to higher demand and market prices.

4. SaskPower

SaskPower established a benchmark of 8,100 kilowatt hours (KWH) to represent the average annual residential electricity consumption for comparison purposes in the Bundle. The monthly average volume of 675 KWH (8,100/12) was then used for consistency and comparability among locations. The 8,100 KWH benchmark approximated the 2003 residential consumption level of 8,208 KWH disclosed in the SaskPower 2003 Annual Report.

SaskPower obtained 2003 market residential electricity rates for each jurisdiction using information published on utility provider websites or by contacting utility providers directly and obtaining rate information. The costs of 675 KWH per month of electricity at each location based on the rates in affect for the period during 2003. The cost is determined by calculating generation, transmission and distribution costs for a monthly volume of 675 KWH.

Appendix 4 lists the service providers in the survey.

Appendix 1 shows the residential electricity cost component of the Bundle for Saskatchewan and the other locations in Canada, as prepared by the Utility Crowns and CIC.

MNP Review of Utility Costs

1. SGI

Review

SGI performed a rate survey, which took place from February 27 to March 2, 2004, based on the 34 profiles that the Consumers' Association of Canada used in their review of automobile insurance rates. Historic 2003 rates were not available on CompuQuote; therefore 2004 rates were used for the SGI survey. Both private and public auto insurance companies were surveyed. SGI contacted the public companies in the provinces of British Columbia, Manitoba and Quebec to obtain their rates for each profile. The public insurance companies' rates are effective January 1, 2004 except for Manitoba which is March 1, 2004.

Quotes for other jurisdictions were obtained from CompuQuote for coverage at \$2 million TPL, \$500 collision deductible and \$250 comprehensive deductible (\$300 in Ontario) as these were the most comparable coverages to the benchmark.

The 34 quotes obtained for each location were then averaged to determine the insurance cost used for each location. A detailed list of the driver profile and vehicle descriptions is included in Appendix 2.

The review procedures we performed are set out in Appendix 5.

Findings

Actual automobile insurance rates for other vehicles or driver profiles or locations will vary from those selected; however, this would be true for any vehicle or driver profile or level of insurance coverage selected.

We determined that the SGI profiles used in their survey were based on, and are consistent with, the profiles used in the Consumers' Association of Canada Auto Insurance Rates Study, with some additional assumptions attached to each profile, and were applied consistently to all quotes obtained across the survey.

Our procedures determined that:

- The composition of the automobile insurance component of the Bundle is reasonable and reliable;
- The methodology and assumptions used to calculate the annual value of the automobile insurance component of the Bundle in Saskatchewan and in other jurisdictions are reasonable and reliable; and
- The relative positions of the total 2004 costs of automobile insurance services for the residential customers in Regina, Humboldt and Meadow Lake, Saskatchewan in comparison to other selected communities in other jurisdictions across Canada appear accurate.

The results of the 2004 automobile insurance component of the Bundle, as per Appendix 1, are reasonable.

2. SaskTel

Review

SaskTel performed a survey of the major basic telephone service providers in the 22 cities selected. Costs were determined by defining the components of service included in the benchmark, and these are explained in the methodology, which is set out in Appendix 2.

SaskTel and other Incumbent Local Exchange Carriers ("ILEC") operate in a Canadian Radio-television and Telecommunications Commission ("CRTC") regulated environment for the provision of local access service. The major ILECs across Canada are Bell, Telus, MTS and Aliant. To perform the survey, SaskTel used service provider, CRTC and ILEC websites as sources of information. The review procedures we performed are set out in Appendix 5.

Findings

Actual telephone costs in all locations will vary from the services selected due to competition, separate local and long distance providers; however, this would be true for any level of telephone services selected.

Based on our review of SaskTel's assumptions and methodology, analysis of data and from discussions with SaskTel and CIC, the survey was performed accurately and consistently. Any differences noted were discussed with SaskTel and appropriately adjusted.

Our procedures determined that:

- The composition of the residential telephone cost component of the Bundle is reasonable and reliable;
- The methodology and assumptions used to calculate the annual cost of the residential telephone component of the Bundle in Saskatchewan and in other jurisdictions are reasonable and reliable; and
- The relative positions of the total 2003 residential costs of telephone services for the residential customers in Regina, Humboldt and Meadow Lake, Saskatchewan in comparison to other selected communities in other jurisdictions across Canada appear accurate.

The results of the 2003 residential telephone service component of the Bundle, as per Appendix 1, appear reasonable.

3. SaskEnergy

Review

Natural gas costs paid by residences typically include the following services:

- Gas Delivery Service
 - Basic Monthly Charge – costs to maintain the service line and the meter, costs to provide meter reading and customer account administration.
 - Delivery Charge – costs for transportation, storage and distribution.
- Gas Consumption Charge
 - Cost of the quantity of natural gas consumed, passed through to the customer at cost, including any recovery or refund from the GCVA.

The review procedures we performed are set out in Appendix 5.

Findings

Actual natural gas consumption in all locations will vary from the number selected due to climate, appliance efficiency, dwelling insulation or age; however, this would be true for any volume of natural gas selected.

Our procedures determined that:

- The composition of the natural gas component of the Bundle is reasonable and reliable;
- The methodology and assumptions used to calculate the annual cost of the natural gas component of the Bundle in Saskatchewan and in other jurisdictions are reasonable and reliable; and
- The relative positions of the total 2003 residential costs of natural gas utility services for the residential customers in Regina, Humboldt and Meadow Lake, Saskatchewan in comparison to other selected communities in other jurisdictions across Canada appear accurate.

The results of the 2003 residential natural gas services component of the Bundle, as per Appendix 1, appear reasonable.

4. SaskPower

Review

Electricity costs paid by residences typically include the following services:

- Electricity Delivery Service
 - Basic Monthly Charge – costs for meter reading, line maintenance, emergency services and customer account administration.
 - Delivery Charge – costs for transportation and distribution.
- Electricity Consumption Charge
 - Cost of the amount of electricity consumed during the billing period, measured in kilowatt-hours and multiplied by the residential energy charge.

The review procedures we performed are set out in Appendix 5.

Findings

Actual electrical power consumption in all locations will vary from the number selected due to climate, appliances in use and their efficiency, dwelling insulation or age; however, this would be true for any quantity of kilowatt hours selected.

Our procedures determined that:

- The composition of the electricity cost component of the Bundle is reasonable and reliable;
- The methodology and assumptions used to calculate the annual costs of the residential electricity component of the Bundle in Saskatchewan and in other jurisdictions are reasonable and reliable; and
- The relative positions of the total 2003 residential costs of electricity utility services for the residential customers in Regina, Humboldt and Meadow Lake, Saskatchewan in comparison to other selected communities in other jurisdictions across Canada appear accurate.

The results of the 2003 residential electricity service component of the Bundle, as per Appendix 1, appear reasonable.

Bundle plus municipal surcharges, provincial and federal taxes

The Bundle, as defined earlier, refers to utility costs prior to the inclusion of municipal surcharges, provincial or federal taxes. For comparative purposes, the scope of our review also included a review of supplemental information to add municipal surcharges, provincial and federal taxes to the Bundle, and these are attached as Appendix 7. The Bundle excludes municipal charges and other taxes because these additional costs are not applied consistently across all jurisdictions.

Automobile insurance does not incur any municipal charges, provincial or federal taxes. Therefore, automobile insurance costs in Appendix 7 are equal to Appendix 1.

Telecommunications services are subject to various municipal surcharges regarding 9-1-1 service which prevented comparison of these charges among various jurisdictions in Canada. Telecommunications costs are also subject to provincial and federal taxes. The costs in Appendix 7 include all costs and all municipal charges, provincial and federal taxes and exclude 9-1-1 charges.

Natural gas and electricity services are subject to various municipal charges, provincial and federal taxes. These costs in Appendix 7 include all costs and all municipal charges, provincial and federal taxes.

Appendix 7 shows the 2003 Bundle (2004 automobile insurance costs) including all municipal surcharges (except 9-1-1 charges), provincial and federal taxes for the residential customers in Regina, Humboldt and Meadow Lake, Saskatchewan and other selected communities across Canada. Based on our review, this schedule appears reasonable, consistent and accurate.

Summary of Findings

As a result of our review, we determined that:

1. The composition of the Bundle is reasonable and reliable;
2. The methodology and assumptions used to calculate Bundle in Saskatchewan and in other jurisdictions are reasonable and reliable; and
3. The relative positions of the 2003 Bundle (2004 automobile insurance costs component) for the residential customers in Regina, Humboldt and Meadow Lake, Saskatchewan in comparison to other selected communities across Canada appear accurate. These results are prepared by CIC and appear in Appendix 1.

Recommendations

As a result of conducting our review, we have identified the following recommendations that should be adopted in future Bundle surveys:

1. We recommend that future surveys should be designed to include the relevant data for the period under survey and specifically, that SGI and comparator insurance provider rates surveyed are for the identical period.
2. We recommend that the benchmarks, as defined by the Utility Crowns, be kept consistent and realistic in order to ensure comparability and reasonableness. We note that trends do change and certain benchmarks may need to be changed in future periods in order to best represent the trends.
3. We recommend that SGI conduct its base rate survey monthly, and calculate an average annually from this monthly data, in order to provide an accurate insurance cost for coverage in effect throughout the year.
4. We recommend that SGI select insurance deductibles that most closely match their benchmark. In this study, SGI selected comparator deductibles that were not as close as possible, resulting in comparator costs being understated in relation to SGI's costs.
5. We recommend that the 9-1-1 costs for the telecommunications component of the Bundle continue to be excluded from the Bundle due to the inconsistent rate allocation of this service among all jurisdictions.

APPENDICES

Appendix 1. CIC 2003 Bundle Rankings

Appendix 1.1 CIC Chart of 2003 Bundle Cost Rankings

Chart 1: Bundle for Residential Service

Location	Telephone	Electricity	Home Heating	Auto Insurance	Total Bundle	Variance to Sask.	Rank
Major Centres							
Vancouver, BC	\$ 309	\$ 509	\$ 1,523	\$ 1,409	\$ 3,750	\$ 582	3
Calgary, AB	286	778	1,112	2,036	4,212	1,044	4
Regina, SK	264	802	1,195	907	3,168	0	2
Winnipeg, MB	303	506	1,379	957	3,145	-23	1
Toronto, ON	273	819	1,582	3,045	5,719	2,551	10
Montreal, PQ	273	526	2,088	1,454	4,341	1,173	6
Saint John, NB	264	740	1,810	1,804	4,618	1,450	7
Halifax, NS	300	827	1,793	2,055	4,975	1,807	8
Charlottetown, PE	293	1,044	1,508	1,495	4,340	1,172	5
St. John's, NF	263	767	1,610	2,514	5,154	1,986	9
Rural Communities							
Penticton, BC	274	639	1,508	1,082	3,503	335	4
Drumheller, AB	327	1,147	1,243	1,622	4,339	1,171	5
Humboldt, SK	264	802	1,195	907	3,168	0	2
Portage la Prairie, MB	293	506	1,379	909	3,087	-81	1
Parry Sound, ON	263	816	1,682	2,170	4,931	1,763	6
Aylmer, PQ	263	526	1,654	906	3,349	181	3
Northern Communities							
Fort St John, BC	274	509	1,282	1,247	3,312	144	3
Grande Prairie, AB	302	1,147	1,150	1,806	4,405	1,237	5
Meadow Lake, SK	264	802	1,195	907	3,168	0	1
The Pas, MB	293	----- 1,846 -----		1,080	3,219	51	2
Kapuskasing, ON	319	780	1,633	2,041	4,773	1,605	6
Chicoutimi, PQ	263	526	2,078	1,031	3,898	730	4

Ranking by Jurisdiction

Major Centres	Bundle	Rural Communities	Bundle	Northern Communities	Bundle
Winnipeg, MB	\$3,145	Portage la Prairie, MB	\$3,087	Meadow Lake, SK	\$3,168
Regina, SK	3,168	Humboldt, SK	3,168	The Pas, MB	3,219
Vancouver, BC	3,750	Aylmer, PQ	3,349	Fort St John, BC	3,312
Calgary, AB	4,212	Penticton, BC	3,503	Chicoutimi, PQ	3,898
Charlottetown, PE	4,340	Drumheller, AB	4,339	Grande Prairie, AB	4,405
Montreal, PQ	4,341	Parry Sound, ON	4,931	Kapuskasing, ON	4,773
Saint John, NB	4,618				
Halifax, NS	4,975				
St. John's, NF	5,154				
Toronto, ON	5,719				

Telephone, Electricity and Natural Gas Charges – Rates in effect from January 1 to December 31, 2003.

Except for the BTU heating equivalent charge for fuel oil in the Maritimes (based on the rate as of December 2003), and The Pas, Manitoba for electric heating equivalent (based on the rate in effect for March 2004).

Auto Insurance – Rates in effect during the period from February 27 to March 2, 2004.

Appendix 1.2 Geographical View of Bundle Comparator Locations



Appendix 1. CIC 2003 Bundle Rankings

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Ranking by Jurisdiction

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Halifax, NS	4,975				
St. John's, NF	5,154				
Toronto, ON	5,719				

Telephone, Electricity and Natural Gas Charges - Rates in effect from January 1 to December 31, 2003.

Except for the BTU heating equivalent charge for Inland in the Maritimes (based on the rate as of December 2003), and The Pas (Manitoba) (electric heating equivalent based on the rate in effect for March 2004).

Auto Insurance - Rates in effect during the period from February 27 to March 2, 2004.

Appendix 1.2 Geographical View of Bundle Comparator Locations



Appendix 2. Methodology and Assumptions used by the Utility Crowns

(Bundle Methodology for Calculating Service Costs)

Appendix 2.1 Auto Insurance Costs Methodology

SGI has conducted a rate survey, which took place on February 27 - March 2, 2004. The survey was based on 34 driver profiles as used by the Consumers' Association of Canada in a previous survey, and the 34 most popular light vehicles registered in Saskatchewan, using their most popular model year. The survey determined how much the same driver would pay for auto insurance if they had the same vehicle, same driving record and same claims history in 22 Canadian locations.

In the provinces of British Columbia, Manitoba and Quebec, obtained the rates from their Public Insurance Companies. In Saskatchewan and Quebec, the rates are a combination of an auto fund rate, as well as a portion coming from the competitive market place. In the remaining provinces, the rates were obtained using the CompuQuote Database (CompuQuote is an independent rate quotation service that obtains information directly from private auto insurers across Canada. The median rate provided was used for this study). In these provinces, quotes were obtained from the top six (five in Quebec) companies and the third lowest rate were used to obtain the median rate. SGI used the June 2003 edition of the "Canadian Underwriter" to determine the six largest companies for each province.

The entries to CompuQuote were for coverage of \$2 million 3rd party liability, \$500 collision deductible and \$250 comprehensive deductible.

Definition of the basic utility including how the "average" benchmark was determined

- SGI considered the basic insurance coverage for drivers in public and private sector jurisdictions. In each jurisdiction, three locations were used to generate an average auto insurance rate for the province: North, Rural, and Urban. In smaller provinces (i.e., NB, NS, PEI, NFLD), only one city was considered to determine the average rate for that province.
- Public Sector Jurisdictions (Coverage)
 - o British Columbia - Insurance Corporation of British Columbia → \$300 Collision, \$300 Comprehensive, \$2 million Third Party Liability [TPL], includes insurance-related costs on driver's licence.
 - o Saskatchewan - Auto Fund Compulsory → \$700 Physical Damage, \$2 million TPL, and SGI CANADA \$200 Collision/Comprehensive, and \$2 million TPL.
 - o Manitoba - MPI → \$200 All Perils, \$2 million TPL, effective March 1, 2004, includes insurance-related costs on driver's licence.
 - o Quebec - SAAQ and CompuQuote* SAAQ → Compulsory Injury and \$50,000 TPL, Private Insurers: TPL topped-up to \$2 million, includes insurance-related costs on driver's licence.

Private Sector (Coverage)

- Alberta - CompuQuote* → \$500 Collision, \$250 Comprehensive, \$2 million TPL
 - Ontario - CompuQuote* → \$500 Collision, \$250 Comprehensive, \$2 million TPL
 - Newfoundland and Labrador - CompuQuote* → \$500 Collision, \$250 Comprehensive, \$2 million TPL
 - Nova Scotia - CompuQuote* → \$500 Collision, \$250 Comprehensive, \$2 million TPL
 - Prince Edward Island - CompuQuote* → \$500 Collision, \$250 Comprehensive, \$2 million TPL
 - New Brunswick - CompuQuote* → \$500 Collision, \$250 Comprehensive, \$2 million TPL
- Description of how the annual costs will be calculated on a go forward basis for the average Saskatchewan resident & in each comparative jurisdiction, include any inclusions/exclusions you are proposing (i.e., rebate treatment).
 - We will consider the 34 most popular vehicles in Saskatchewan, the same driver profiles and insurance coverage as of March 2004.

Data Sources

- For information regarding public insurers, information was gathered directly from the insurer:

BC: Insurance Corporation of British Columbia
MB: Manitoba Public Insurance (data collected from MPI's rate calculator on their website)
SK: Auto Fund (compulsory insurance) and SGI CANADA (extension insurance)
- For private insurers, information was gathered from "CompuQuote", which is an independent rate quotation service that obtains information directly from private auto insurers across Canada.

Please see the next page for a chart depicting SGI's proposed 34 driver and vehicle profiles.

Saskatchewan's Most Popular Vehicles
Rating Profile List

Rating Profile	Vehicle Year	VCC Code	Make and Model	Primary Use	Gender	Age	Occupation	Months licensed	Claims and Convictions (w/ number of months ago)
1	1997	1164	Chrysler Intrepid	Business	Single Male	58	Financial Broker	490	
2	2000	2660	Dodge Caravan	Pleasure	Married Female	55	Homemaker	420	
3	1992	2850	Dodge Dakota Pickup	Business 10 Miles	Single Male	55	Manager	480	Collision & Liability (12)
4	1998	3277	Ford Windstar	Pleasure	Single Female	55	Homemaker	420	
5	1992	7615	Toyota Camry	Business	Married Male	48	Accountant	384	Comp (24) 12 Minor (17 & 36)
			Occasional Driver of Above Vehicle		Married Female	47	Homemaker	312	Minor Conviction (1)
6	1996	3427	Occasional Driver of Above Vehicle		Single Male	27	Student	12 (Dr. Tr.)	Minor Conviction (1)
			Ford Taurus	Pleasure 20 Miles	Married Female	42	Veterinarian	312	
			Occasional Driver of Above Vehicle		Married Male	48	Homemaker	384	
			Occasional Driver of Above Vehicle		Single Male	17	Student	12 (Dr. Tr.)	
7	1989	6527	Pontiac Grand Prix	Business 10 Miles	Single Male	22	Cook	72	
8	2000	5921	Chev Silverado Pickup	Business	Single Female	45	First Aid Instructor	192	Collision & Liability (18)
9	1990	4361	Mercury Topaz	Business 10 Miles	Single Female	22	Student	72	
10	1994	3617	Ford Ranger Pickup	Business 15 Miles	Married Female	22	Furniture Repair	72	Collision & Liability (18)
11	1990	3380	Ford Tempo	Pleasure	Single Female	87	Retired	744	2 Minor Convictions (3 & 8)
12	1997	5589	Chev Lumina	Pleasure	Married Male	72	Retired	384	
			Occasional Driver of Above Vehicle		Married Female	77	Retired	168	
13	1993	5235	Olds Cutlassiera	Business 30 Miles	Married Female	38	Retail Sales	264	Collision & Liability (18)
			Occasional Driver of Above Vehicle		Single Male	48	Student	24 (Dr. Tr.)	
14	2002	210	Honda Civic	Business	Married Male	45	Retail Proprietor	180	3 Comprehensive (8 & 12 & 18)
			Occasional Driver of Above Vehicle		Married Female	40	Retail Proprietor	40	
15	2003	445	Toyota Corolla	Pleasure	Married Male	58	Retired	600	
			Occasional Driver of Above Vehicle		Married Female	66	Retired	540	
16	1997	8590	Pontiac Sunfire	Business 10 Miles	Single Female	51	P/T Student, Retail	252	Collision & Liability (12), Criminal Code (12)
17	1996	2726	Dodge Ram Pickup	Business	Married Male	35	Construction	228	Comprehensive Claim (12)
			Occasional Driver of Above Vehicle		Married Female	32	Retail Sales	120	Collision & Liability (12)
18	1991	7659	Ford Explorer	Business	Single Male	40	P/T Student, Pizza Delivery	264	Major Conviction (18)
19	1997	5570	Chevrolet Cavalier	Business 15 Miles	Single Female	33	Office Manager	96	
20	1986	2623	Dodge Pickup	Business 5 Miles	Single Female	18	Student	1 (Dr. Tr.)	
21	2000	5557	Chev Malibu	Business 20 Miles	Single Female	17	Student	12 (Dr. Tr.)	
22	1993	7643	Ford Aerostar	Business 10 Miles	Single Male	17	Labourer	24 (Dr. Tr.)	2 Minor Convictions (12 & 24)
23	2003	2724	Dodge Grand Caravan	Business 8 Miles	Single Female	57	Bus Owner	444	2 Minor Convictions (12 & 24)
24	1979	3623	Ford Van	Business	Married Male	31	Sales	144	Collision & Liability (12)
			Occasional Driver of Above Vehicle		Married Female	30	Self-Employed	48	
25	1998	6627	GMC Pickup	Pleasure	Married Female	43	Homemaker	312	
26	1997	5065	Chev Astro Van	Business	Single Male	51	Business Owner	396	
27	1997	6217	Buck Lesabre	Pleasure 15 Miles	Married Male	25	Welder	60	
			Occasional Driver of Above Vehicle		Married Female	27	Child Care Worker	36	
28	2002	6333	Buick Century	Business	Single Male	36	Web Designer	228	Minor Conviction (12)
29	1999	6488	Pontiac Grand Am	Business 5 Miles	Single Female	42	Nurse	288	Comp (36), Collision & Liability (95)
30	1998	5643	Chev Pickup	Business 25 Miles	Married Male	55	Supervisor	408	
			Occasional Driver of Above Vehicle		Married Female	50	Sales Clerk	372	
31	1990	5220	Olds 88	Pleasure	Single Female	70	Retired	612	
32	1997	7629	Ford F-150 V2 Tonne Truck	Business	Single Male	42	Foreman	300	
33	1992	4233	Mercury Grand Marquis	Pleasure	Married Male	75	Retired	660	Collision & Liability (8)
34	2003	272	Honda Accord	Business	Single Male	27	Engineering Technologist	132	

**Driving Training

Appendix 2.2 Basic Telephone Service Costs Methodology

SaskTel's basic residential, "Touchtone", local access service provides to customers:

- Unlimited local calling
- 9-1-1 emergency services where available (SaskTel charges a rate established by tariff, as well as a Sask9-1-1 Call Taking fee. This Call Taking fee is whereby SaskTel provides a billing and collection arrangement on behalf of the Government of Saskatchewan. Collected fees are remitted back to the Department of Corrective and Protective Services.
- The ability to dial "0" to access SaskTel's 24 hour operator services
- Access to Long Distance services
- Access to Dial-up Internet service
- Access to optional Enhanced Calling Features, pay-per-use, and messaging services
- The ability to dial 411 for Directory Assistance to obtain telephone numbers for persons and businesses. (Directory Assistance charges apply).
- A listing in the white pages of the telephone book
- A free copy of the telephone book for their service district
- Free call blocking and toll restriction
- Free buried cable information
- The ability to dial 611 for telephone line maintenance

The rate for SaskTel's basic residential local access service is \$22.00 as stated in SaskTel's tariff. The annual price is derived from multiplying the rate by 12 months.

SaskTel operates in a CRTC regulated environment for the provision of local access service. All proposed rate changes for residential access service must meet the conditions of that service for that Price Cap basket of services as directed by the CRTC. This is true for the other Incumbent Local Exchange Carriers (ILECs) which operate within other provinces. ILECs are considered to be the major providers of basic residential access service within their jurisdiction. The major ILECs across Canada are Bell, Telus, MTS and Aliant.

Appendix 2.3 Natural Gas Costs Methodology

SaskEnergy rates are unbundled, meaning there is a charge just for the commodity gas supply separate from the charges for delivery service. That's because customers can purchase their natural gas from the supplier of their choice. SaskEnergy uses a Gas Consumption Charge to recover the costs of the commodity for customers it supplies. Currently, that is 25.82 ¢ per m³ of consumption. The delivery is priced separately from commodity, and consists of a fixed Basic Monthly Charge of \$10.50 per month, plus a delivery charge of 7.10 ¢ per m³ of consumption. Unlike many other utilities, SaskEnergy rates average the supply demand or seasonal pricing differences to come up with an overall annual rate. The objective is to provide the stable rates that most customers want to see.

SaskEnergy determines the costs to homeowners across Canada by applying the following five step methodology:

1. Establish an annual volume
2. Establish a weather normalized monthly usage pattern
3. Apply actual rates in effect for each of the 12 preceding months
4. Recognize regulatory board approved adjustments
5. Include government energy cost rebates

1. Establish Annual Volume

SaskEnergy uses 3,550 m³ as a benchmark annual volume that represents the weather normalized usage for the typical residential customer. The volume of gas for comparison in other jurisdictions billing in energy (gigajoules) is adjusted by the relative heating value of their gas. Thus, the comparison is for a constant 3,550 m³ across all jurisdictions.

2. Establish Weather Normalized Monthly Usage Pattern

The 3,550 m³ annual volume is spread over a weather normalized monthly usage pattern applicable to Saskatchewan homeowners. That's because January usage is typically eight times higher than the summer usage, reflecting the impact of cold winter weather on usage. It is important to recognize this monthly usage pattern as a number of utilities have rates reflect supply demand or seasonal pricing, especially commodity rates. The highest rates often occur at the times of greatest usage.

3. Apply Actual Rates

For an annual benchmark volume of natural gas, SaskEnergy uses an actual (historical) rolling 12 month period to measure the total annual cost as driven by its monthly rates and then compares it to those costs derived in a like manner for other jurisdictions. Applying the rate applicable to each month's usage to calculate the bills for the most recent 12 months yields the charges to the customer for commodity and delivery service.

Consequently, for any given community, each month's usage is billed at the approved natural gas rate. This recognizes both the variation in usage from month to month as well as any monthly rate variations, especially for volatile commodity rates.

4. Recognize Regulatory Board Approved Adjustments

Periodic adjustments as determined by the regulatory board need to be included. Items, such as one-time bill credits or charges as well as temporary surcharges or temporary rates that expire within a prescribed time frame, are also added into the utilities charges.

5. Include Government Energy Cost Rebates

The comparison also includes municipal payments and franchise fees, plus any provincial sales taxes, where these forms of taxes apply, as well as the federal goods and services tax to derive the total annual costs that customers will see on their bills.

In addition, government rebates, such as natural gas rebates, shall also be included in the bundle's calculation, thereby reducing the costs to the consumer in that jurisdiction. In 2003, there were no natural gas rebates made by provincial governments to assist homeowners with their heating costs.

However, in 2004, provincial natural gas rebates under the Alberta Natural Gas Rebate Program were made for each of the first three months. Consequently, those rebates will be included in the costs for 2004 for Alberta homeowners as the methodology rolls forward in time.

Other Natural Gas-Related Comments

- Example home heating AND electrical cost calculation where natural gas is not available as the heating fuel, but electricity is available. For this situation, the natural gas equivalent is determined in kilowatt hours (kWh) of electricity (converts natural gas consumption to equivalent electricity consumption → this example calculates the heating costs AND electrical costs in The Pas, Manitoba. See the following table for an example of this calculation.
- Example home heating cost calculation where natural gas is not available as the heating source, but fuel oil is available
Assumptions:
 - Saskatchewan residential customer average annual consumption is 3550 m³ of natural gas
 - Assume heating equivalent of fuel oil: SaskEnergy advises that 3,550m³ of natural gas is the BTU heating equivalent of approximately 3,380 litres of fuel oil (for comparison purposes).
 - Assume "all in" costs of fuel oil per litre: Based on MJ Ervin information, the average, tax included, price of fuel oil for 2003 was 52.5 cents per litre in Charlottetown, 54.8 cents per litre in St. John's and about 61.0 cents per litre in Saint John NB and Halifax NS.

Determine the average price for heating with fuel oil (using a quantity of fuel oil equal to the BTU equivalent of 3,550m³ of natural gas):

○	Charlottetown	$3,380 \times 52.5 \div 100 = \$1,775$
○	St. John's	$3,380 \times 54.8 \div 100 = \$1,852$
○	Halifax	$3,380 \times 61.0 \div 100 = \$2,062$
○	St. John	$3,380 \times 61.6 \div 100 = \$2,082$

Gas Cost Variance Account

The Gas Cost Variance Account is a standard regulatory accounting mechanism that is widely accepted throughout Canada and the United States. It provides for the accumulation and deferral of the monthly differences between the actual commodity sales revenues and actual gas costs. The use of a Gas Cost Variance Account ensures that SaskEnergy does not earn a profit on the supply of gas nor incurs a loss. The balance is either owing to the company or owing to the customer and may affect future rates. Therefore, over the long run, customers pay exactly the cost of acquiring the natural gas supply.

In 2003, there were no natural gas rebates made by provincial governments to assist homeowners with their heating costs. However, in 2004, the Alberta utility commodity rates were high enough to trigger provincial natural gas rebates in the Alberta Natural Gas Rebate Program for each of the first three months. Those rebates will be included in the costs for 2004 for Alberta homeowners.

Table: Electricity Conversion to Natural Gas Equivalent

THE PAS						
METHODOLOGY						
Assumptions:						
Annual consumption of natural gas			3550 m ³			
Heating of domestic hot water			1,200 m ³			
Space heating			2,350 m ³			
Heat rate			35,375 btu/m ³			
Furnace efficiency			70%			
Water heater efficiency			60%			
Annual electrical consumption for remainder of loss			9100 kWh			
BTU per kWh			3412			
Equivalent kWh calculations:						
Formula = m ³ x heat rate x efficiency = equivalent btu / (btu per kWh) = equivalent kWh						
Space heating	2350	35375	70%	58,191,875 btu	3412	17055
Water heating	1200	35375	60%	25,470,000 btu	3412	7465
Annual electrical consumption for space heating and hot water						24520 kWh
Plus "home" electrical consumption						9100 kWh
Total electrical consumption for home with electric heat & hot water						33620 kWh
Total Cost Calculation						
Basic monthly charge			\$12.50			
Energy Charge						
First 175 kWh/month			\$0.0578			
Balance month			\$0.0516			
Formula = (Basic x 12) + (1st 175 x 12 @ \$0.0578) + (Balance @ \$0.0516) = total annual charge						
Total annual charge						\$1,846.09
Provincial sales tax @ 1.4%						25.85
GST @ 7%						129.27
						\$2,001.16

Appendix 2.4 Electricity Costs Methodology

The chief factor affecting electricity rates is inflation. There are many costs inherent in providing electrical services - operating, maintenance, administrative, fuel, purchased power, finance charges, depreciation, appropriate returns on equity, and so on. These costs, as in all areas of the economy, trend upwards over time and rates must reflect this reality. In recent years the chief causes of increased costs, beyond simple background CPI inflation, are dramatically increased costs for fuel (owing to the increased reliance on natural gas for fuel), and escalating maintenance costs for aging infrastructure. Both will remain significant factors for the foreseeable future. Additionally, SaskPower must invest in new facilities to provide for load growth - steady if unspectacular. The final influence is tightening environmental regulation that is making all aspects of the business more costly. The effect of implementing the Kyoto Protocol is merely the most prominent example of this trend.

Calculation of the cost comparisons are based on SaskPower's average annual consumption of 8100 kWh per annum consumed evenly throughout the year at a rate of 675 kWh per month.

The rates applied in the calculations that follow are the rates that were in effect during 2003 (unaudited) in each jurisdiction in order to ascertain the total annual cost.

BRITISH COLUMBIA

VANCOUVER, BC

- Served by B.C. HYDRO
- Basic Charge: \$6.92 for a 2 month period
- All kWh: \$0.0577/kWh
- Regional Transit Levy: \$1.90/month

FT. ST. JOHN, BC

- Served by B.C. HYDRO
- Basic Charge: \$6.92 for a 2 month period
- All kWh: \$0.0577/kWh

PENTICTON, BC

- Served by AQUILA
- Basic Charge: \$20.32 for a 2 month period
- All kWh: \$0.06384/kWh

ALBERTA

CALGARY, AB

- Served by ENMAX
- **Quarter 1:**
 - Distribution Access Tariff:
 - System Access Charge
 - Service Charge: \$0.1000/day
 - System Usage Charge: \$0.0029204/kWh
 - Distribution Access Tariff
 - Service and Facilities Charge: \$0.1968/day
 - Systems Usage Charge: \$0.0117700/kWh

- Regulated Rate:
 - Billing and Administration Charge: \$0.1989/day
 - Energy Charge: \$0.05985/kWh
 - Energy Market Charge/Refund: \$0.000/kWh
- **Quarter 2:**
 - Distribution Access Tariff:
 - System Access Charge
 - Service Charge: \$0.1000/day
 - System Usage Charge: \$0.0029204/kWh
 - Distribution Access Tariff
 - Service and Facilities Charge: \$0.1968/day
 - Systems Usage Charge: \$0.0117700/kWh
- Regulated Rate:
 - Billing and Administration Charge: \$0.1989/day
 - Energy Charge: \$0.05985/kWh
 - Energy Market Charge/Refund: \$0.01235/kWh
- **Quarter 3:**
 - Distribution Access Tariff:
 - System Access Charge
 - Service Charge: \$0.1000/day
 - System Usage Charge: \$0.0029204/kWh
 - Distribution Access Tariff
 - Service and Facilities Charge: \$0.1968/day
 - Systems Usage Charge: \$0.0117700/kWh
- Regulated Rate:
 - Billing and Administration Charge: \$0.1841/day
 - Energy Charge: \$0.05482/kWh
 - Energy Market Charge/Refund: \$0.000/kWh
 - Electric Energy Charge Adjustment: (\$0.00914/kWh)
 - Billing and Administration Charge Refund: \$2.70
- **Quarter 4:**
 - Distribution Access Tariff:
 - System Access Charge
 - Service Charge: \$0.1000/day
 - System Usage Charge: \$0.0029204/kWh
 - Distribution Access Tariff
 - Service and Facilities Charge: \$0.1968/day
 - Systems Usage Charge: \$0.0117700/kWh
- Regulated Rate:
 - Billing and Administration Charge: \$0.1841/day
 - Energy Charge: \$0.05482/kWh
 - Energy Market Charge/Refund: \$0.00598/kWh

- **Municipal Surcharge:**

- 11.11% of the total revenue from Distribution Access Tariff rate charges in the billing period,
plus

\$0.006649335/kWh of Energy Delivered.

- **Deficiency Rider:** \$0.006573/kWh

GRANDE PRAIRIE, AB

- Served by ATCO

- Delivery Charges:

- Fixed Charges:

- Distribution: \$13.34/month
- Service: \$7.72/month
- Administration Charge: \$1.84/month

- Variable Charges:

- Transmission: \$0.0093/kWh
- Distribution: \$0.0369/kWh

- Cost of Energy: \$0.0478/kWh (January 1 to March 31, 2003)
\$0.06596534/kWh (April 1 to Dec 31, 2003)*

(* average Flow Through Rates for April 1 to Dec 31, 2003)

- **Municipal Surcharge:**

- January to May 31, 2003:
 - 9.81% of the total Delivery Charges in the billing period
- June 1 to November 30, 2003:
 - 11.09% of the total Delivery Charges in the billing period
- December 1 to December 31, 2003
 - 10.00% of the total Delivery Charges in the billing period

- **Rider G:** (\$0.298 cents/kWh) (January 1 to June 30, 2003)

- **Rate Riders:**

- Rate Rider: \$0.00885/kWh (January 1 to June 30, 2003)
- Deferral Riders: \$0.02839/kWh (July 1 to December 31, 2003)
\$0.00796/kWh (August 1 to December 31, 2003)

DRUMHELLER, AB

- Served by ATCO

- Delivery Charges:

- Fixed Charges:

- Distribution: \$13.34/month
- Service: \$7.72/month
- Administration Charge: \$1.84/month

- Variable Charges:

- Transmission: \$0.0093/kWh
- Distribution: \$0.0369/kWh

2003 Basic Utility Cost Bundle Survey Validation Review Report

- Cost of Energy: \$0.0478/kWh (January 1 to March 31, 2003)
 \$0.06596534/kWh (April 1 to Dec 31, 2003)*
(* average Flow Through Rates for April 1 to Dec 31, 2003)
- **Municipal Surcharge:**
 - January to April 30, 2003:
 - 7.82% of the total Delivery Charges in the billing period
 - May 1 to November 30, 2003:
 - 3.42% of the total Delivery Charges in the billing period
 - December 1 to December 31, 2003
 - 3.83% of the total Delivery Charges in the billing period
- **Rider G:** (\$0.298 cents/kWh) (January 1 to June 30, 2003)
- **Rate Riders:**
 - Rate Rider: \$0.00885/kWh (January 1 to June 30, 2003)
 - Deferral Riders: \$0.02839kWh (July 1 to December 31, 2003)
 \$0.00796/kWh (August 1 to December 31, 2003)

SASKATCHEWAN

REGINA, SK

- Served by SASKPOWER
- Basic Monthly Charge: \$13.16/month
- Energy Charge: \$0.0795/kWh
- **Municipal Surcharge:**
 - 10% of total basic monthly charge and energy charge in the billing period

HUMBOLDT, SK

- Served by SASKPOWER
- Basic Monthly Charge: \$13.16/month
- Energy Charge: \$0.0795/kWh
- **Municipal Surcharge:**
 - 10% of total basic monthly charge and energy charge in the billing period

MEADOW LAKE, SK

- Served by SASKPOWER
- Basic Monthly Charge: \$13.16/month
- Energy Charge: \$0.0795/kWh
- **Municipal Surcharge:**
 - 5% of total basic monthly charge and energy charge in the billing period

MANITOBA

WINNIPEG, MB

- Served by MANITOBA HYDRO
- Monthly Basic Charge: \$6.25/month
- Energy Charge:
 - First 175 kWh \$0.0578/kWh
 - Balance of kWh : \$0.0516/kWh

- **Provincial Tax:**
 - 7% of total basic monthly charge and energy charge in the billing period
- **Winnipeg City Tax:**
 - 2.50% of total basic monthly charge and energy charge in the billing period

PORTAGE LA PRAIRIE, MB

- Served by MANITOBA HYDRO
- Monthly Basic Charge: \$6.25/month
- Energy Charge:
 - First 175 kWh \$0.0578/kWh
 - Balance of kWh: \$0.0516/kWh
- **Provincial Tax:**
 - 7% of total basic monthly charge and energy charge in the billing period

THE PAS, MB (*without electric heat/hot water*)

- Served by MANITOBA HYDRO
- Monthly Basic Charge: \$6.25/month
- Energy Charge:
 - First 175 kWh \$0.0578/kWh
 - Balance of kWh: \$0.0516/kWh
- **Provincial Tax:**
 - 7% of total basic monthly charge and energy charge in the billing period

THE PAS, MB (*with electric heat/hot water*)

- Served by MANITOBA HYDRO
- Monthly Basic Charge: \$12.50/month
- Energy Charge:
 - First 175 kWh \$0.0578/kWh
 - Balance of kWh : \$0.0516/kWh
- **Provincial Tax:**
 - 1.4% of total basic monthly charge and energy charge in the billing period

(NOTE: electric heat and hot water = 24,520 kWh/year
plus
other electricity in home = 8,100 kWh/year)

ONTARIO

TORONTO, ON

- Served by TORONTO HYDRO
- Customer Charge: \$14.03/30 days
- Standard Supply Service (SSS) Charge: \$0.25/month
- Distribution Charge: \$0.0134/kWh
- Transmission Charge: \$0.0104/kWh
- Debt Retirement Charge: \$0.007/kWh
- Wholesale Operations Charge: \$0.0062/kWh
- Energy Charge: \$0.043/kWh

PARRY SOUND, ON

- Served by PARRY SOUND POWER
- Monthly Service Charge: \$15.99/month
- Distribution Volumetric Rate: \$0.0103/kWh
- Cost of Power: \$0.043/kWh
- System Access Service Charge: \$0.25/month
- Network Service Rate: \$0.0057/kWh
- Connection Charge: \$0.0050/kWh
- Debt Retirement Charge: \$0.0065/kWh
- Wholesale Market Services: \$0.0062/kWh

KAPUSKASING, ON

- Served by COCHRANE PUBLIC UTILITY
- Monthly Service Charge: \$14.70/month
- Distribution Volumetric Rate: \$0.00730/kWh
- Cost of Power: \$0.043/kWh
- Standard Supply Service Charge: \$0.25/month
- Network Service Rate: \$0.0057/kWh
- Connection Charge: \$0.0050/kWh
- Debt Retirement Charge: \$0.007/kWh
- Wholesale Market Services: \$0.0062/kWh

QUEBEC

MONTREAL, PQ

- Served by HYDRO QUEBEC
- Fixed Charge: \$0.39/day
- Energy Charge:
 - First 30 kWh/day: \$0.0474/kWh
 - Remaining energy consumption: \$0.0597/kWh
- **Provincial Tax:**
 - 7.5% of total basic monthly charge, energy charge and GST in the billing period

CHICOUTIMI, PQ

- Served by HYDRO QUEBEC
- Fixed Charge: \$0.39/day
- Energy Charge:
 - First 30 kWh/day: \$0.0474/kWh
 - Remaining energy consumption: 0.0597/kWh
- **Provincial Tax:**
 - 7.5% of total basic monthly charge, energy charge and GST in the billing period

AYLMER, PQ

- Served by HYDRO QUEBEC
- Fixed Charge: \$0.39/day
- Energy Charge:
 - First 30 kWh/day: \$0.0474/kWh
 - Remaining energy consumption: \$0.0597/kWh
- **Provincial Tax:**
 - 7.5% of total basic monthly charge, energy charge and GST in the billing period

NEW BRUNSWICK

ST. JOHN, NB

- Served by SAINT JOHN ENERGY
- Service Charge: \$12.15/month (January 1 to March 31, 2003)
 \$12.51/month (April 1 to December 31, 2003)
- Energy Rate:
 - First 800 kWh/month: \$0.0720/kWh (January 1 to March 31, 2003)
 \$0.0733/kWh (April 1 to December 31, 2003)
 - Balance of kWh/month: \$0.0551/kWh (January 1 to March 31, 2003)
 \$0.0579/kWh (April 1 to December 31, 2003)
- **Harmonized Sales Tax:**
 - 15% of total basic monthly charge and energy charge in the billing period

NOVA SCOTIA

HALIFAX, NS

- Served by NOVA SCOTIA POWER
- Base Charge: \$10.83/month
- Energy Charge: \$0.0861/kWh
- **Harmonized Sales Tax:**
 - 15% of total basic monthly charge and energy charge in the billing period

PRINCE EDWARD ISLAND

CHARLOTTETOWN, PEI

- Served by MARITIME ELECTRIC
- Service Charge: \$17.37/month (January 1 to March 31, 2003)
 \$21.13/month (April 1 to December 31, 2003)
- Energy Charge: \$0.0846/kWh (January 1 to March 31, 2003)
 \$0.1013/kWh (April 1 to December 31, 2003)
- Energy Cost/Cost of Capital and Rebate (ECAM/COC): 6.905% of the total bill before taxes (January 1 to March 31, 2003)

NEWFOUNDLAND & LABRADOR

ST. JOHN'S, NF

- Served by NEWFOUNDLAND POWER
- Basic Customer Charge: \$16.81/month (January 1 to July 31, 2003)
 \$15.77/month (August 1 to December 31, 2003)
- Energy Charge: \$0.06951/kWh (January 1 to July 31, 2003)
 \$0.07185/kWh (August 1 to December 31, 2003)
- **Harmonized Sales Tax:**
 - 15% of total basic monthly charge and energy charge in the billing period

Appendix 3. Industry Sources for Obtaining other Jurisdictions Rates

Industry Sources for Acquiring Other Jurisdictions Natural Gas Rates

SaskEnergy uses the following different company websites and regulatory boards for current rates and news on recent applications.

<u>Communities</u>	<u>Utility</u>	<u>Regulatory Agency</u>
Fort St. John	www.pacificnortherngas.com	British Columbia Utilities Commission
Vancouver, Penticton	www.terascn.com	British Columbia Utilities Commission
Calgary	www.atcogas.com	Energy and Utilities Board
Drumheller	www.altagasutilities.com	Energy and Utilities Board
Regina, Humboldt, Meadow Lake	www.saskenergy.com	Saskatchewan Rate Review Panel
Winnipeg, Portage LaPrairie	www.hydro.mb.ca	Manitoba Public Utilities Board
Toronto	www.enbridge.com	Ontario Energy Board
Kapuskasing, Perry Sound	www.uniongas.com	Ontario Energy Board
Montreal, Chicoutimi	www.gazinet.com	Quebec Energy Board (Regie)
Aylmer	www.gazifere.com	Quebec Energy Board (Regie)
St. John, NB	www.amazingenergy.ca	Public Utilities Board (Enbridge Gas New Brunswick)
Halifax	www.heritagegas.com	Nova Scotia Utilities and Review Board

Industry Sources for Acquiring Other Jurisdictions Electricity Rates

SaskPower uses the following company websites and regulatory boards for current rates and news on recent applications.

<u>Communities</u>	<u>Utility</u>	<u>Regulatory Agency</u>
Vancouver, Ft. St. John	www.bchydro.bc.ca	British Columbia Utilities Commission
Penticton	www.agu/lanetworks.ca	British Columbia Utilities Commission
Calgary	www.enmax.com	Alberta Energy & Utilities Board
Grande Prairie, Drumheller	www.atco.com	Alberta Energy & Utilities Board
Regina, Humboldt, Meadow Lake	www.saskpower.com	Saskatchewan Rate Review Panel
Winnipeg, Portage La Prairie, The Pas	www.hydro.mb.ca	Manitoba Public Utilities Board
Toronto	www.torontohydro.com	Ontario Energy Board (OEB)
Parry Sound	www.pspower.ca phone contact: 705-746-5866	Ontario Energy Board (OEB)
Kapuskasing	www.puc.net phone contact: 705-272-6669	Ontario Energy Board (OEB)
Montreal, Chicoutimi, Aylmer	www.hydroquebec.com	Quebec Energy Board (Regie)
St. John	www.sjenergy.com	Board of Commissioners of Public Utilities
Halifax	www.nspower.ca	Nova Scotia Utility & Review Board
Charlottetown	www.maritimeelectric.com	Island Regulatory & Appeals Commission
St. John's	www.nfpower.nf.ca	Board of Commissioners of Public Utilities of Newfoundland & Labrador

Telephone Sources

SaskTel uses the following company websites for current rates.

http://www.bell.ca/en/corp/aboutbell/tariffs/	Ontario/Quebec
http://www.aliant.ca/english/about/tariffs_pe.shtml	Prince Edward Island
http://www.mts.ca/tariffs/index.html	Manitoba
http://about.telus.com/cgi-bin/tariffs.cgi	Alberta and British Columbia
http://www.sasktel.com/about_sasktel/public_policy/	Saskatchewan
http://www.aliant.ca/english/about/tariffs_nb.shtml	New Brunswick
http://www.aliant.ca/english/about/tariffs_nf.shtml	Newfoundland
http://www.aliant.ca/english/about/tariffs_ns.shtml	Nova Scotia

Public policy information can be found on the CRTC website (www.crtc.gc.ca), or viewing at any CRTC office. The CRTC maintains a district office in Regina at:

CRTC
2125 11th Avenue
Regina, Saskatchewan

Auto Insurance Sources

SGI has obtained a rate survey, which took place on February 27 - March 2, 2004. The survey was based on 34 driver profiles as used by the Consumers' Association of Canada in a previous survey, and the 34 most popular light vehicles registered in Saskatchewan, using their most popular model year. The survey determined how much the same driver would pay for auto insurance if they had the same vehicle, same driving record and same claims history in 22 Canadian locations.

In the provinces of British Columbia, Manitoba and Quebec, obtained the rates from their Public Insurance Companies. In Saskatchewan and Quebec, the rates are a combination of an auto fund rate, as well as a portion coming from the competitive market place. In the remaining provinces, the rates were obtained using the CompuQuote Database. In these provinces, quotes were obtained from the top six (five in Quebec) companies and the third lowest rate were used to obtain the median rate. SGI used the June 2003 edition of the "Canadian Underwriter" to determine the six largest companies for each province.

The entries to CompuQuote were for coverage of \$2 million 3rd party liability, \$500 collision deductible and \$250 comprehensive deductible (\$300 in Ontario).

Appendix 4. Utility Service Providers used in the Survey

	Automobile Insurance	
	Public Service Providers	Private Service Providers
British Columbia	Insurance Corporation of British Columbia	N/A
Alberta	N/A	Alianz, Aviva Canada, the Co-operators, ING, Royal & Sun Alliance, Wawanesa
Saskatchewan	Saskatchewan Government Insurance	N/A
Manitoba	Manitoba Public Insurance	N/A
Ontario	N/A	The Co-operators, Economical Mutual, Aviva Canada, ING, Royal & Sun Alliance, Wawanesa
Quebec	SAAQ	Aviva Canada, AXA, ING, Liberty Mutual, Lombard Canada
Newfoundland	N/A	Aviva, the Co-operators, Dominion of Canada, Halifax Insurance, LOMI, Royal & Sun Alliance
Nova Scotia	N/A	Aviva, the Co-operators, Dominion of Canada, Economical Mutual, Halifax Insurance, Royal & Sun Alliance
Prince Edward Island	N/A	Dominion of Canada, Economical Mutual, ING Insurance, Royal & Sun Alliance, Co-operators, Wawanesa
New Brunswick	N/A	ING Insurance, Royal & Sun Alliance, Halifax Insurance, Co-operators, Wawanesa, AXA

	Telephone	
	Public Service Providers	Private Service Providers
British Columbia	N/A	Telus
Alberta	N/A	Telus
Saskatchewan	SaskTel	N/A
Manitoba	N/A	Manitoba Telecomm Services (MTS)
Ontario	N/A	Bell Canada Enterprises
Quebec	N/A	Bell Canada Enterprises
Newfoundland	N/A	Aliant
Nova Scotia	N/A	Aliant
Prince Edward Island	N/A	Aliant
New Brunswick	N/A	Aliant

	Natural Gas	
	Public Service Providers	Private Service Providers
British Columbia	N/A	Terasen Gas, Pacific Northern Gas
Alberta	N/A	ATCO Gas
Saskatchewan	SaskEnergy	N/A
Manitoba	Manitoba Hydro	N/A
Ontario	N/A	Enbridge Gas Distribution, Union Gas
Quebec	Gaz Metro Ltd. Partnership (a Conglomerate)	Gaz Metro Ltd. Partnership (a Conglomerate) Gazifere
Newfoundland	N/A	N/A
Nova Scotia	N/A	Heritage Gas (partially owned by SaskEnergy)
Prince Edward Island	N/A	N/A
New Brunswick	N/A	Enbridge Gas New Brunswick

	Electricity	
	Public Service Providers	Private Service Providers
British Columbia	BC Hydro	N/A
Alberta	ENMAX Corporation	ATCO Electric
Saskatchewan	SaskPower	N/A
Manitoba	Manitoba Hydro	N/A
Ontario	Toronto Hydro, Parry Sound Public Utility, Cochrane Public Utility	N/A
Quebec	Hydro Quebec	N/A
Newfoundland	N/A	Newfoundland Power
Nova Scotia	N/A	Nova Scotia Power
Prince Edward Island	N/A	Maritime Electric
New Brunswick	Saint John Energy	N/A

Appendix 5. Detailed Review Procedures

Appendix 5.1 SGI

1. Our review commenced with obtaining an understanding of the survey performed and the processes undertaken by SGI to perform the survey.
2. We agreed the profiles used in the SGI survey to the profiles used in the Consumers' Association of Canada Auto Insurance Rates Study profiles.
3. We then chose a random sample of 10% of the population of SGI's survey results. Accordingly, our sample was selected at random using 11 profiles from each of 22 cities for a total of 242 sample items.
4. For the random sample of public insurers, we agreed the information obtained from the public insurers to the survey results to ensure that the survey information captured was accurate.
5. For the random sample of private insurers we entered the profile information into CompuQuote to generate the rate information and then compared that information to the information in SGI's survey results.

Appendix 5.2 SaskTel

To perform our review of the survey, we agreed the rates in SaskTel's survey to the supporting documentation printed from each ILEC's website. Effective dates of the tariffs were examined to ensure they applied to the period in question (2003). For any tariffs that were not readily available on the websites, we contacted the ILEC's directly. We also contacted each ILEC to determine whether the "touchtone" service charged provided the same level of service as described in the Assumptions and Methodologies Specific to Each Utility Crown section. The following procedures were followed in confirming the information presented on the "Lowest Cost Bundle of Basic Utility Services – Proposed Canadian Communities" spreadsheet.

1. Information prepared in the spreadsheet was compared to the Tariffs located in the binder provided by the client.
2. Effective dates of the Tariffs in the binder were examined to ensure they applied to the period in question (i.e. 2003).
3. If the effective dates did not apply to the period in question, the CRTC's website was reviewed to acquire the information needed for the period in question.
4. Where the information was not readily available at the CRTC's website, the website of the service provider was reviewed. If the information was not yet available, the service provider's customer representatives were contacted via the company's 1-800 number.

5. For information regarding the services provided by the basic telephone service, a customer service representative from each company was contacted and queried.

Appendix 5.3 SaskEnergy Review Procedures

1. Reviewed the "Average Annual Net Utility Charge for Residential Service" to the "Summary of Results"
2. Reviewed the "Summary of Results" to "Comparison of Natural Gas Bills in Various Canadian Cities"
3. Reviewed "Comparison of Natural Gas Bills" to detailed calculation worksheets
4. Reviewed accuracy and consistency of formulas on detailed calculation worksheets
5. Reviewed costs for locations that did not have natural gas service throughout all or part of 2003 and compared this information to the summary document.
6. We reviewed 100% of the survey through the procedures described above.

The SaskEnergy bundle spreadsheet contains three sections:

- 1) Summary of Results
 - a. A page listing the total Bill before and after other items. The figures from this page are obtained from the following comparison section.
- 2) Comparison of Natural Gas Bills in Various Canadian Cities
 - a. Four summary sheets listing and comparing total costs before and after rebates for cities in major, rural and northern regions as well as a summary stating the average total bill.
 - b. The annual costs, after rebates, and the bill totals link to the summary page
 - c. The annual costs before rebate figure is linked in from section three, the individual city bill calculations.
- 3) Individual City annual cost before rebate calculation sheets
 - a. 19 individual sheets calculating the total monthly bill for each city and the total annual cost. The annual cost is then sent to section 2. The monthly bill is calculated based on a set of specific monthly usages multiplied by each month's particular consumption rate and then adding on any fixed costs.

Appendix 5.4 SaskPower Procedures

1. Verified summary of net costs (Chart 1) to "annual 2003 comparison of electricity costs"
2. Verified "annual 2003 comparison of electricity costs" to supporting calculation and assumption sheets
3. Verified accuracy of all formulas and calculations
4. Verified daily rates used in Alberta
5. Verified data used in model to data listed in "methodology for cost comparison calculations"
6. Verified data in "methodology for cost comparison calculations" to information contained in source documents such as internet rate information for the relevant period and published rate documents.

100% of the survey was reviewed through the procedures described above.

Appendix 6. CIC Terms of Reference

Basic Utility Cost Bundle Validation - Terms of Reference

Section 1.0 Introduction

The Crown Investments Corporation has developed a Basic Utility Cost Bundle (the "bundle") intended to serve as the preferred means to calculate and report to Saskatchewan residential customers the annual average costs of home electricity, home natural gas, basic home telephone service, and charges for the average composite auto insurance (for a mix of driver profiles and the most popular light vehicles registered in Saskatchewan, using their most popular model year). The bundle has been developed in order to be able to effectively communicate to Saskatchewan citizens their government's determination to provide a package of basic utility services at a total annual cost that is as low as or lower than the same package in any other province in Canada. Thus, the bundle may also be considered a type of "report card" providing comparative information on how well government is achieving its goal to provide the lowest cost package of utility services to residential customers.

Section 2.0 Objectives of Engagement

Meyers Norris Penny LLP is requested to conduct an independent review of the Crown Investments Corporation's proposed Basic Utility Cost Bundle (the "bundle") to achieve the following objectives:

- to assess the reasonableness and reliability of composition of the bundle as a representation of the basic package of utility services for a Saskatchewan resident
- to assess the reasonableness and reliability of the methodology and assumptions used to calculate the value of the 2003 bundle in Saskatchewan and in other jurisdictions
- to confirm the relative position of 2003 bundle determined for the residential customer in Regina, Humboldt and Meadow Lake in comparison to the selected communities in other jurisdictions across Canada.

This review will include a final report intended for use of the Crown Investments Corporation. The report shall provide the consultant's assessment of the bundle, including an opinion on the accuracy of the calculation methodology and comment on the appropriateness of the assumptions used to calculate the bundle.

Section 3.0 Review Scope

CIC has developed a Basic Utility Cost to report and measure the province's annual cost package of basic services. Please refer to Attachment 1 for an overview of the methodology used to define and calculate the bundle. The resulting calculation to define the 2003 Benchmark Bundle is represented by Attachment 2

In conducting its evaluation, the consultant shall evaluate the following, considering the definitions and :

- the reasonableness of the service definitions used to represent the basic package of utilities used by Saskatchewan residents;
- the appropriateness of the data sources used by SaskPower, SGI, SaskEnergy and SaskTel to obtain utility cost information for different jurisdictions in Canada (appropriateness to be

assessed in the context of the data sources being knowledgeable and capable of providing specific utility cost information);

- the reasonableness of the assumptions used by SaskPower, SGI, SaskEnergy and SaskTel to aid in determining the average costs to residential customers for basic utility services in Saskatchewan and across the other jurisdictions;
- the completeness of the data included in the overall calculation of utility costs for the residential customer in Saskatchewan and the other jurisdictions;
- the accuracy and validity of the annual cost figures presented in 2003 average annual residential customer utility costs reported in Saskatchewan and the other jurisdictions; and
- the usefulness and completeness of the bundle to report to the people of Saskatchewan on a go-forward basis .

In conducting its evaluation, the consultant shall accept as given:

- the concept of selecting representative community locations for reporting average utility costs in urban, northern and rural communities;
- the suitability of the formulas provided by SaskPower, SGI, SaskEnergy and SaskTel used to calculate average annual utility costs for the Saskatchewan residential customer;
- the fact that SaskPower, SaskEnergy, SGI and SaskTel are not privy to all information that could influence utility cost calculations in other jurisdictions, such as utility price hedging strategies, the value of commodities in storage, and other unknown factors not readily available to the public;
- the fact that the costs reported were calculated using reported utility and related charges on the dates reported in the methodology. It must be understood that these charges would have been different had alternative data collection dates been selected.

In conducting its review, the consultant will be provided access to the necessary background data compiled by SaskTel, SaskPower, SaskEnergy and SGI used to develop the information presented in the bundle, including data sources and relevant resources. Appropriate personnel at these agencies will also be made available to the consultant during the course of the review.

CIC will provide access to personnel at various stages of the review to provide direction and guidance during the conduct of the review.

Section 4.0 Review Deliverables and Timeframe

The consultant will begin the review immediately upon signing the engagement agreement. The completion of the review shall be fully completed and submitted to CIC on or before April 23, 2004.

The consultant will prepare and deliver to CIC a confidential report which meets the objectives of the review and is of sufficient completeness and style that could be made available for public consumption.

The report is for the exclusive use of CIC, the CIC board and Cabinet to provide advice and information for the ultimate decision on the use of the bundle as a measurement and reporting tool. The consultant will not publicly release its report, nor publicly comment on its report without the express consent of CIC. However, if consent is given and at the pleasure of CIC and/or government, the consultant will make its report available for public consumption.

The consultant may be required to present its draft findings to the Minister of Crown Investments Corporation no later than April 16, 2004.

Notwithstanding the confidentiality of the report, the consultant is requested to provide a letter summarizing its conclusions which can be made available to the media. As well a spokesperson for the consultant may be required to be available to respond to media questions when the review summary letter is released at a technical briefing session.

Appendix 7: 2003 Bundle costs including municipal surcharges, provincial and federal taxes

Location	Telephone	Electricity	Home Heating	Auto Insurance	Total Bundle	Variance to Sask	Rank
Major Centres							
Vancouver, BC	\$ 333	\$ 569	\$ 1,629	\$ 1,409	\$ 3,940	\$ 447	3
Calgary, AB	314	974	1,323	2,036	4,647	1,154	4
Regina, SK	306	938	1,342	907	3,493	0	2
Winnipeg, MB	348	590	1,506	957	3,401	-92	1
Toronto, ON	317	877	1,693	3,045	5,932	2,439	10
Montreal, PQ	323	605	2,402	1,454	4,784	1,291	6
St. John, NB	308	851	2,082	1,804	5,045	1,552	7
Halifax, NS	354	951	2,062	2,055	5,422	1,929	8
Charlottetown, PEI	350	1,118	1,775	1,495	4,738	1,245	5
St. John's, NF	303	883	1,852	2,514	5,552	2,059	9
Rural Communities							
Penticton, BC	295	684	1,614	1,082	3,675	182	3
Drumheller, AB	357	1,437	1,426	1,622	4,842	1,349	5
Humboldt, SK	306	938	1,342	907	3,493	0	2
Portage la Prairie, MB	337	577	1,506	909	3,329	-164	1
Parry Sound, ON	306	873	1,800	2,170	5,149	1,656	6
Aylmer, PQ	312	605	1,902	906	3,725	232	4
Northern Communities							
Fort St John, BC	295	545	1,371	1,247	3,458	30	3
Grande Prairie, AB	331	1,474	1,354	1,806	4,965	1,537	5
Meadow Lake, SK	306	898	1,317	907	3,428	0	2
The Pas, MB	337	----- 2,001 -----	-----	1,080	3,418	-10	1
Kapuskasing, ON	367	835	1,747	2,041	4,990	1,562	6
Chicoutimi, PQ	312	605	2,391	1,031	4,339	911	4

Ranking by Jurisdiction

Major Centres	Bundle	Rural Communities	Bundle	Northern Communities	Bundle
Winnipeg, MB	\$3,401	Portage la Prairie, MB	\$3,329	The Pas, MB	\$3,418
Regina, SK	3,493	Humboldt, SK	3,493	Meadow Lake, SK	3,428
Vancouver, BC	3,940	Penticton, BC	3,675	Fort St John, BC	3,458
Calgary, AB	4,647	Aylmer, PQ	3,725	Chicoutimi, PQ	4,339
Charlottetown, PEI	4,738	Drumheller, AB	4,842	Grande Prairie, AB	4,965
Montreal, PQ	4,784	Parry Sound, ON	5,149	Kapuskasing, ON	4,990
St. John, NB	5,045				
Halifax, NS	5,422				
St. John's, NF	5,552				
Toronto, ON	5,932				

Telephone, Electricity and Natural Gas Charges – Rates in effect from January 1 to December 31, 2003.

Except for the BTU heating equivalent charge for fuel oil in the Maritimes (based on the rate as of December 2003), and The Pas, Manitoba for electric heating equivalent (based on the rate in effect for March 2004)

Auto Insurance – Rates in effect during the period from February 27 to March 2, 2004.

Appendix 7: 2003 Bundle costs including municipal surcharges, provincial and federal taxes

Location	Telephone	Electricity	Home Heating	Auto Insurance	Child Support	Variance to Sask	Rank
Major Centres							
Vancouver, BC	\$ 333	\$ 969	\$ 1,629	\$ 1,409	\$ 3,940	\$ 447	4
Calgary, AB	314	974	1,323	2,036	4,647	-1,154	4
Regina, SK	306	908	1,342	907	3,493	0	5
Winnipeg, MB	348	980	1,806	987	3,401	92	6
Toronto, ON	317	977	1,603	3,035	5,932	-2,439	10
Montreal, PQ	323	605	2,405	1,454	4,384	-1,290	6
St. John, NB	308	851	2,082	1,804	5,045	-1,982	7
Halifax, NS	354	951	2,067	2,055	5,422	-1,924	8
Charlottetown, PEI	350	1,118	1,775	1,495	4,738	4,145	3
St. John's, NF	303	883	1,852	2,513	5,552	-2,050	9
Rural Communities							
Penticton, BC	295	594	1,614	1,682	3,675	163	3
Drumheller, AB	357	1,437	1,426	1,622	4,847	-1,356	8
Humboldt, SK	306	938	1,342	907	3,493	0	5
Portage la Prairie, MB	337	877	1,806	989	3,329	164	3
Parry Sound, ON	306	873	1,809	2,170	5,149	-1,656	9
Aylmer, PQ	312	605	1,902	906	3,325	137	6
Northern Communities							
Fort St. John, BC	295	545	1,371	1,247	3,458	91	7
Grande Prairie, AB	331	1,434	1,354	1,806	3,965	-1,537	8
Meadow Lake, SK	306	898	1,347	907	3,428	0	5
The Pas, MB	337	— (2,000)	—	1,080	3,418	10	6
Kapuskasing, ON	367	835	1,747	2,034	4,990	-1,502	9
Chicoitum, PQ	312	605	2,391	1,033	4,339	911	4

Ranking by Jurisdiction

City	Cost	City	Cost	City	Cost
Winnipeg, MB	\$3,401	Portage la Prairie, MB	\$3,329	The Pas, MB	\$3,418
Regina, SK	3,493	Humboldt, SK	3,493	Meadow Lake, SK	3,428
Vancouver, BC	3,940	Penticton, BC	3,675	Fort St. John, BC	3,458
Calgary, AB	4,647	Aylmer, PQ	3,725	Chicoutimi, PQ	4,339
Charlottetown, PEI	4,738	Drumheller, AB	4,842	Grande Prairie, AB	4,965
Montreal, PQ	4,784	Parry Sound, ON	5,149	Kapuskasing, ON	4,990
St. John, NB	5,045				
Halifax, NS	5,422				
St. John's, NF	5,552				
Toronto, ON	5,932				

Telephone, Electricity and Natural Gas Charges – Rates in effect from January 1 to December 31, 2003.

Except for the BTU heating equivalent charge for fuel oil in the Maritimes (based on the rates as of December 2003), and The Pas, Manitoba (based on heating equivalent (based on the rates in effect for March 2004)).

Auto Insurance – Rates in effect during the period from February 27 to March 2, 2004.

Appendix 8. Glossary of Terms

Accuracy – the quality of being precise or exact.

Benchmark – an established level of services or consumption volume that facilitates comparability among locations.

Bundle – Basic Utility Cost Bundle comprising of automobile insurance, telecommunications, natural gas and electricity services for residential locations in Canada.

Bundle costs – costs for providing the service, including commodity, transmission, distribution, marketing, maintenance and other costs, less any rebates directly related to the bundle.

CIC – Crown Investments Corporation of Saskatchewan.

Completeness – the criteria of having nothing missing or lacking.

Consistency – coherence in applying principles or policy.

CRTC – Canadian Radio-television and Telecommunications Commission.

ILEC – Incumbent Local Exchange Carriers in the telecommunications industry.

Reasonableness – the criteria where something is neither more nor less than reasonable or expected.

Reliable – able to be relied upon, having confidence in.

SGI – Saskatchewan Government Insurance.

Utility Crowns – the Saskatchewan crown corporations consisting of SGI, SaskTel, SaskEnergy and SaskPower.